

Honorable Olin D. Johnston
Chairman
Committee on Post Office and Civil Service
United States Senate
Washington 25, D. C.

Dear Mr. Chairman:

I have followed with interest the Committee's hearings on S. 94, the Federal Employees' Health Insurance Act of 1959.

It is my understanding that some changes in your bill are contemplated. While I am under the impression that these changes will relate primarily to the extent of the Government's financial participation in the program proposed, I am concerned that substantive changes might also be made which could affect our Agency.

As you know, our Agency faces certain security problems in conforming to general legislation providing employee benefits. These security factors required this Agency to establish a hospitalization insurance program which could be administered under Agency control. This program has operated successfully in various forms since 1948. It is our desire to continue under any legislation proposed on this subject, the hospitalization insurance program which we currently have in effect and to have sufficient latitude granted to the Civil Service Commission so that we might arrange with them appropriate procedures for handling insurance claims in a secure manner.

We would welcome Government financial support of this program to the extent determined feasible. If you should desire further information on this matter, I shall be pleased to meet with you at your convenience, or you may wish to have members of your staff contact my Legislative Counsel, Mr. John S. Warner.

The Bureau of the Budget has no objection to the submission of this report.

Sincerely,

**Allen W. Dulles
Director**

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Approved For Release 2004/02/03 : CIA-RDP61-00357R000300030050-8

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